

April 26, 2011

MOTION BY SUPERVISORS MARK RIDLEY-THOMAS AND DON KNABE

Reform of Redevelopment Law to Ensure Development of Low and Moderate Income Housing

The effort to eliminate redevelopment agencies as local governmental bodies charged with the principal responsibility by most California municipalities for promoting economic development, eliminating blight and producing low and moderate income housing has generated much controversy. The efficacy of redevelopment financing of commercial and industrial real estate projects remain the subject of considerable debate between proponents and opponents alike. Regardless of the outcome, scrutiny of existing statutory requirements governing redevelopment law has generated calls for reform, particularly as it relates to the production of low and moderate income housing (LMIH). A major goal of such reforms must be to strengthen accountability and provide enforcement mechanisms which enable redevelopment agencies to discharge their housing obligations.

Among the legislative proposals designed to address this particular aspect of redevelopment law is Senate Bill 450 (Alan Lowenthal – Long Beach), the specific provisions of which include:

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- Limiting planning and administration expenses to no more than 15 percent;
- Limiting the use of LMIH funding to housing construction and rehabilitation only;

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- Subjecting agencies that fail to expend LMIH funds or who use them to purchase land that is not developed for housing within five years to financial penalties;
- Requiring agencies to spend at least 70 percent of LMIH on production, rehabilitation, or preservation of housing for extremely-low to low-income households, 20% of which must be spent on rental housing for persons of extremely-low income; and
- Requiring replacement of low- or moderate-income housing destroyed as a result of redevelopment activities within four years.

While the Los Angeles County Community Development Commission's (CDC) own redevelopment projects generate approximately \$1 million annually in LMIH and is comparatively small relative to other redevelopment agencies in Los Angeles County, these funds are frequently leveraged with other sources to complete projects or are used in residential rehabilitation. Moreover, the CDC's current administrative expenses are well within the limit of the proposed legislation.

WE THEREFORE MOVE, THAT THE BOARD OF SUPERVISORS:

Direct the Chief Executive Office and Executive Officer of the Community Development Commission to work with the County's Legislative Advocates in Sacramento to support Senate Bill 450 which would amend redevelopment law to strengthen accountability for production of Low- and Moderate-Income Housing and limit associated planning and administrative expenses.

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